

EXHIBIT C

EXHIBIT 17

[Filed Under Seal]

PARTNERSHIP DEVELOPMENT

DEPARTMENTAL EXECUTIVE SUMMARY To CCA BOARD OF DIRECTORS FEBRUARY 20, 2015

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PARTNERSHIP DEVELOPMENT HIGHLIGHTS

As of January 30, 2015

- **USMS Population Increases** – Through continued work with the USMS in E/CA (Sacramento), and N/CA (San Francisco), the number of prisoners these districts placed into the Nevada Southern facility averaged higher during the fourth quarter than in any other quarter during 2014.

In addition, through continued work with the USMS in Kansas and W/MO (St. Louis), the number of USMS prisoners placed in the Leavenworth facility during the fourth quarter of 2014 averaged higher than in any other quarter during the year.
- **ICE** – Due to the surge of unaccompanied minors and families entering into the U.S. along the South Texas border, we have finalized an agreement with ICE for a 2,400 bed facility for women and their children in Dilley, TX. In support of the contract signed with ICE during the 3rd quarter of 2014, we continued to brief various members of Congress and House and Senate committee staff during the fourth quarter on the operational and financial aspects of the contract.
- **Arizona** – Ramp of the second group of 500 Arizona inmates into Red Rock is proceeding on schedule with the facility targeted to be at the current contractual cap of 1,000 inmates by mid-February. Partnership Development has spent significant time educating policymakers on the facility's ability to house additional Arizona offenders to help address overcrowding in the state's prison system. Given recently inaugurated Governor Ducey's plan to add 3,000 privately operated prison beds over the next three years (1,000 in each of April 2016, January 2017 & January 2018), Partnership Development believes CCA is extremely well positioned to take our Arizona Red Rock contract to full occupancy in the near future.
- **Oklahoma** – Partnership Development is in active discussions with the Oklahoma Department of Corrections on a contract to reactivate our idled Diamondback facility. Discussions are focused on an initial population of 1,000 offenders should the state legislature provide funding authorization. The department has made this item its number one priority for the new legislative session that runs through May 2015.
- **Tennessee** – Construction of the new Trousdale Turner Correctional Center is on schedule for activation with Tennessee inmates beginning in Q1 2016. Governor Haslam's budget proposal will be introduced in February, and Partnership Development is actively engaged to ensure the new facility receives sufficient funding to reach full occupancy (2,552 beds) during 2016.
- **Metro-Nashville** – We were the successful bidder for the Metro-Nashville Davidson County Detention Facility. We have completed negotiations, which included a per diem increase, and the new contract was effective on February 1, 2015.
- **Reputational Advertising** – Initial performance of the ad campaign (first 50 days) has been highly successful. This effort included the development of seven high quality, compelling video stories on reentry successes in CCA facilities which are posted online at www.ChangeInPeople.com.
- **Strategic Messaging** – After executing successful media and reputational strategies around CCA's commitment to reentry and rehabilitation, plans are currently underway to develop processes for effectively tracking and reporting our progress towards the companywide stretch goals on reentry.

GROWTH OPPORTUNITIES FOR NEW BEDS

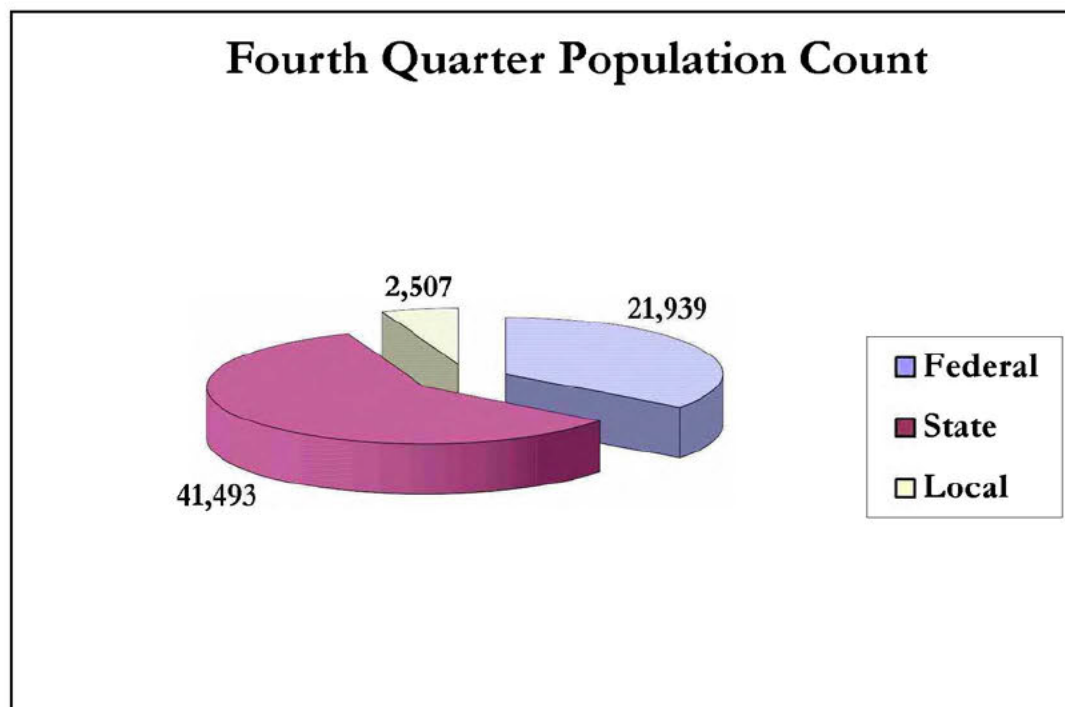
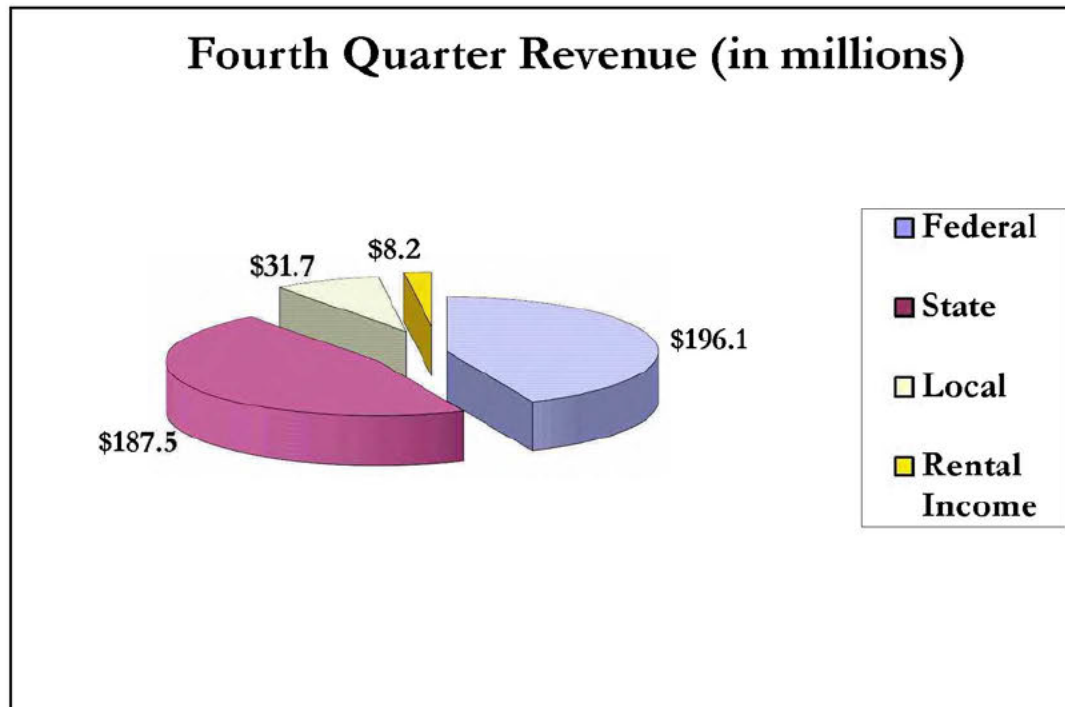
As of January 30, 2015

PROBABILITY TABLE – NEW BED OPPORTUNITIES			
Opportunity	Low	Medium	High
Expand Arizona contract at Red Rock Correctional Center		1,000	
Arizona RFP for new private facility to come online 2017-2018		2,000	
California Department of Corrections and Rehabilitation (CDCR) instate community corrections contracts		300	
Expand New Mexico Women's Correctional Facility	150		
Oklahoma RFP award for Diamondback		1,000	
Partnership with ICE on new facility in the Chicago, Illinois area	700		
Expansion of beds and ICE office space at Laredo		384	
Bernalillo County, New Mexico at Torrance	500		
Award to house jail populations for the City of Mesa, Arizona and other East Valley Cities		400	
Fulton County (Atlanta), GA new CII opportunity (purchase/manage)	1,200		
Increase in USMS populations: Arizona 200 (High), Leavenworth 50 (Med), Webb 50 (Med), West Tennessee 50 (Low)	50	100	200
New ICE contract award at the Houston Processing Center			200
Purchase and manage Knox County, TN facility	1,500		
Lease/Purchase opportunity for expanding existing Hamilton County, TN facility	1,000-1,700		
New San Diego construction and ICE contract award or modification to existing agreement	700		
Partnership with Riverside County, CA to construct new jail facility	2,000-2,500		
Bed Totals	7,800 – 9,000	5,184	400

High Probability = 75% or greater

Medium Probability = Approximately 50%

Low Probability = Approximately 25% or less



Federal Legislative and Executive Branch Updates

Outreach during the fourth quarter was focused largely on Congressional members and staff on issues relating to prison and detention funding levels in the FY15 budget request and Congressional appropriations bills, as well as federal contracting and procurement opportunities.

FY15 Budget

In mid September 2014, Congress passed a "Continuing Resolution" (CR) to temporarily fund FY15 federal government operations until December 11, 2014. In mid December, during its postelection "lame duck" session, Congress finally passed a \$1.1 trillion package to provide full year FY15 funding to almost all federal agencies, including the Federal Bureau of Prisons (BOP) and U.S. Marshals Service (USMS). As part of this package, however, Congress only temporarily extended funding for the Department of Homeland Security, which includes Immigration and Customs Enforcement (ICE), until February 27, 2015, allowing Congressional Republicans another opportunity to attempt to defund and/or derail the executive actions on immigration announced by President Obama in November 2014. Below are the finalized FY15 funding amounts for the BOP and USMS, and additional information on the temporary funding for ICE.

Federal Bureau of Prisons (BOP)

- Approved FY15 funding for BOP Salaries and Expenses account is \$6.815 billion (\$11 million more than the FY15 budget request and \$46 million more than enacted FY14 funding).
- Approved FY15 funding for BOP Contract Confinement account (which includes all privately operated BOP facilities) is \$1.054 billion (about \$3 million more than the FY15 budget request, but roughly \$20 million below enacted FY14 funding); the BOP is projecting to have a total of 42,000 offenders in contract beds (CAR facilities and RRC facilities) during FY14 and FY15; during FY13, 42,449 offenders were housed in contract beds.
- Approved FY15 funding for the BOP Buildings and Facilities account (which includes funding for new construction and existing facility modernization and repair) is \$106 million (\$16 million more than the FY15 budget request and the enacted FY14 funding); Congress directed that \$81 million be allocated for existing facility modernization and repair and only \$25 million be allocated for new construction.
- The BOP is projected to have 222,000 inmates by the end of FY15 (the agency estimated it would have 219,000 inmates by the end of FY14).
- As a reminder, the BOP budget justification (released along with the initial budget request) states that *"as a strategy to manage the inmate population, the BOP continues to identify cost effective approaches to alleviate overcrowding, such as acquiring and renovating existing institutions, changes through legislation, and to add bed space via contracts and activations of new prisons, as funding permits, and working towards reducing recidivism through reentry efforts. In addition, the BOP will continue to work toward reducing crowding at all security levels."*

USMS Federal Prisoner Detention

- Approved FY15 funding for the USMS Federal Prisoner Detention account is \$1.595 billion (equal to the FY15 budget request and \$62 million more than enacted FY14 funding).
- The majority of the funding for the Federal Prisoner Detention account (\$1.1 billion) comes from a transfer of excess unobligated balances in the DOJ's Assets Forfeiture Fund.
- The budget justification (released along with the initial budget request) states that the amount requested will support a projected average daily population of 59,949 prisoners during FY15 (average daily population in FY14 is projected to be 58,791). The projected detention population is largely the result of a moderating growth rate for the number of persons arrested by federal law enforcement agencies, and decreases in: 1) the proportion of defendants detained by the courts for more than four days and 2) the length of time defendants are detained pending adjudication and subsequent transfer to the BOP. The budget justification also states that *"based on current data, the detention population's growth rate of arrests and bookings will be slower than the rate observed historically. However, the ongoing immigration enforcement on the Southwest Border will primarily result in a continued increase in the number of persons arrested for immigration offenses."*

ICE Detention

- As noted above, ICE is currently being funded under a short term CR that expires on February 27, 2015.
- When Congress did not act on a mid July request from President Obama for approximately \$3.7 billion in emergency supplemental appropriations to address the surge of undocumented children and families from Central America, DHS/ICE was forced to reprogram about \$300 million in other FY14 department funds to deal with the increased processing, housing and transportation of undocumented families. These funds are continuing to be used under the short term CR to support operations at family residential facilities in Karnes County, TX (operated by GEO), Berks County, PA, and Dilley, TX (operated by CCA).
- In mid January 2015, the House passed a bill to provide full year FY15 funding for DHS/ICE; the House-passed bill provides \$5.96 billion for ICE, an increase of \$689.4 million above the fiscal year 2014 enacted level. This includes \$3.4 billion for ICE detention programs, reflecting significant increases above the budget request to sustain 34,000 detention beds (the budget request proposed funding for only 30,539 detention beds) and to fund 3,732 family residential beds (including those at Dilley TX facility) during the remainder of FY15.
- The House bill is scheduled to be taken up by the Senate prior to the February 27 expiration of the short term CR; however, it is currently unclear as to how full year funding described above will ultimately be resolved, as Congressional Republicans continue to look for ways to challenge executive actions on immigration while still providing funding for critical homeland and border security operations.

Facility- and Project-Specific Outreach

BOP CAR 15 Solicitation (Northeast Ohio Correctional Center Rebid) – During the fourth quarter of 2014, we continued coordination of efforts to activate local, regional and federal officials and stakeholders in support of our proposal in the rebid. This included coordinating outreach from Representative Tim Ryan (D-OH), Senator Sherrod Brown (D-OH) and Senator Rob Portman (R-OH) to various BOP, Department of Justice and executive branch officials to encourage every appropriate consideration of the Northeast Ohio facility proposal. While ultimately we were not

successful in the rebid, there continues to be significant support from (and coordination with) the Ohio congressional delegation in finding an opportunity to preserve the facility's viability and jobs.

ICE Residential Center (Dilley TX) – In support of the contract signed with ICE during the third quarter of 2014 for the new South Texas Residential Center in Dilley, TX, we continued to brief various members of Congress and House and Senate committee staff during the fourth quarter on the operational and financial aspects of the contract. As the facility ramps up to fuller operation during the first and second quarters of 2015, we expect continued strong interest in the facility's operations from Congressional staff and numerous requests to tour the facility, which we will coordinate to the extent possible with ICE.

Legislative/Policy Issues

Immigration Reform

- With Congressional efforts to deal with comprehensive immigration reform effectively dead, during the fourth quarter of 2014 President Obama unveiled his plan to implement a series of executive actions, focusing primarily on halting deportations and granting protections to many people who are in the country illegally but who have significant ties to the country. Through the use of a newly developed Priority Enforcement Program, DHS clarifies that the government's immigration enforcement activity should be focused on national security threats – illegal immigrants with criminal records, gang affiliations or ties to terrorism. The President's policy expands the 2012 Deferred Action for Childhood Arrivals (DACA) program, which offers temporary relief from deportation and the right to apply for work authorization for certain unauthorized immigrants who came to the United States before their 16th birthdays and before June 2012. Expansion will now include individuals who were brought to the U.S. before January 1, 2010, regardless of how old they are now. Parents of U.S. citizens/permanent residents who have lived in the United States for five years can also apply for work permits and deferred deportation.
- The President's executive actions further aim to centralize border security and maintain current resources for Customs and Border Protection (CBP) and ICE in order to enhance and promote border removals. Assuming that border enforcement remains largely unchanged, the largest potential impact these actions could have on our ICE populations would be a shrinking of the pool of illegal aliens susceptible to interior enforcement, which accounts for only one third of total removals – most removals result from border apprehension. It is estimated that close to five million illegal immigrants will qualify for deportation relief. By granting relief to those five million in the interior, the pool of people otherwise susceptible to interior enforcement shrinks. In 2013, there were 140,000 removals via interior enforcement – 35,000 of those were either noncriminal or immigration only. If five million of eleven million illegal immigrants are granted deportation relief, that would reduce noncriminal interior removals to 15,900 per year. Based on a 30-day average detention stay, the average daily detention populations would be reduced by 1,325.
- While these actions are controversial and contentious, particularly among Congressional Republicans, there continues to be broad bipartisan support for focusing enforcement and detention resources on illegal immigrants who have criminal backgrounds and those who are more recent arrivals in the United States.

Federal Prison Reform Efforts

In December 2014, a congressionally mandated task force established to study the federal prison system was named. Chaired by former House members J.C. Watt (R-OK) and Allan Mollohan (D-WV), the Charles Colson Task Force on Federal Corrections has an official mandate to *"identify the drivers of federal prison population growth and increasing corrections costs; evaluate policy options to address the drivers and identify recommendations; and prepare and submit a final report in December 2015 with findings, conclusions, policy recommendation, and legislative changes for consideration by the Congress, the Attorney General, and the President."* The task force will hold five meetings during 2015, the first of which is January 27, featuring presentations from BOP Director Charles Samuels, U.S. Sentencing Commission Chair Judge Patti Saris and the U.S. Attorney for New Jersey. Members of the task force include former U.S. Attorney for New Mexico David Iglesias; Jim Liske, President of Prison Fellowship Ministries; Jay Neal, Executive Director of the Georgia Governor's Office of Transition, Support and Re-Entry; Laurie Robinson, former head of the DOJ's Office of Justice Program; Cynthia Rosenberry with Clemency Project 2014; former U.S. District Judge Ricardo Urbina; and John Wetzel, Pennsylvania Secretary of Corrections. The task force will be looking for ways to curb federal prison population growth and costs through a combination of "front end" and "back end" options, and to assess methods that various states have used, with the ultimate goal of making recommendations that could be implemented legislatively or through executive order.

The task force's efforts are part of a broader bipartisan push in Congress and elsewhere to reduce the nation's prison populations while also improving outcomes for offenders. We will continue to monitor the task force's progress and congressional efforts on criminal justice reform.

U.S. Sentencing Commission Updates

- The final impact analysis on the retroactivity of the 2011 crack cocaine amendment found that 6,840 federal inmates were granted an average sentence reduction of 30 months.
- The 2014 Drug Amendment is projected to reduce the BOP population by 6,500 inmates over the next five years (without respect to the impact of retroactivity).
- The approved retroactive application of the 2014 Drug Amendment is expected to impact 46,000 inmates and result in average sentence reductions of 18%. It is estimated that 7,953 inmates will be early released in November 2015 when approved applications will be available for release.
- For 2015, the Sentencing Commission is seeking comment now on amendments affecting some types of fraud and drug cases involving hydrocodone. (Subjectively, these changes do not appear to have any significant impact on prison populations, especially in comparison to the previous amendments.)
- Judge Patti B. Saris, Chair of the Commission, stated in a January 2015 press release that reducing the cost of federal incarceration and overcapacity of prisons remain as priorities for the Commission.
- A long term trend of declining sentences is apparent in the Commission's quarterly sentencing updates:
 - Since 2011, the number of cases receiving a sentence length in line with the Commission's recommendations declined from 55.5% to 43.6% of all cases, while "below range" sentences have increased from 42.8% to 54.5%.

Election Recap

- As mentioned in the Q3 report, Republicans regained the majority in the Senate in the November 2014 elections and now possess a 54-46 advantage. Senator Mitch McConnell (R-KY) is the new Senate Majority Leader, and many Senate committees and subcommittees whose agendas impact CCA from a funding, policy and operational perspective are now controlled by members who are more favorably disposed to privatization at the federal level.
- House Republicans expanded their already significant majority (gaining 13 seats), and now possess a 247-188 majority, the largest Republican majority in the House since 1929. House Speaker John Boehner (R-OH) was reelected to his post in early January 2015, and Representative Kevin McCarthy (R-CA), whose Congressional district includes our California City facility, was elected to become the new House Majority Leader. CCA maintains strong relationships with all of the House Republican leadership, as well as with key committee and subcommittee chairs who sit on Appropriations, Homeland Security, and Judiciary Committees in the House.

FEDERAL PARTNERSHIP RELATIONS UPDATES (ICE, USMS, BOP)

Immigration and Customs Enforcement (ICE)

Nationwide Population (ADP for FY 2013): 33,788¹

CCA Population (as of 1-30-15): 5,257

Chicago, IL Area

In December of 2012, ICE issued a Request for Information (RFI) for a 788 bed facility in the Chicago area. Following earlier partnerships, which were not ultimately viable, with the Village of Crete and the City of Joliet (both in Illinois), we have identified other sites in more supportive communities. We have confirmed that ICE plans to advertise this requirement through a FAR based contract. We do not know when the solicitation will be advertised, as most ICE resources are being assigned to the Dilley, TX project.

Houston Processing Center

CCA's current contract expired in March of 2014. However, ICE issued a one-year extension of the contract to give the agency time to address the RFP. We were again notified by ICE that the agency will extend the existing contract another year to March of 2016. We expect the RFP to be issued within the next few weeks.

¹ Latest available validated population figure.

Stewart Detention Center

A new agreement has been reached with ICE. In exchange for building a new ICE office area outside the perimeter, ICE agreed to a 1,600 bed minimum guarantee. The construction should be complete by June 2015.

ICE Family Detention

We reached an agreement with ICE to build a 2,400 bed facility for women and accompanied children in Dilley, TX. We have partnered with Target Logistics, a company that supplies temporary housing for oilfield workers in the area. The facility is scheduled to open in phases, with the final phase completed in mid May 2015. The contract is Interagency Agreement based, and we have partnered with the City of Eloy, AZ to modify the City's existing agreement with ICE to add the Dilley site. The contract is for housing this population up to 48 months. We initially staffed the facility with employees from our existing federal facilities and contract staffing companies. The facility can currently detain 480 residents.

San Diego

Construction of the replacement facility in San Diego should be complete by late summer of 2015. We estimate the facility will open in September 2015. We continue to negotiate with the County of San Diego on the lease agreement of the existing facility. Absent a new agreement, the existing facility will revert to the County.

United States Marshals Service (USMS)

Nationwide Population (as of 12-31-14): 51,506

CCA Population (as of 1-30-15): 7,646

Overall Assessment

The USMS population during the fourth quarter of 2014 dropped by 134 prisoners, the smallest drop of any quarter in 2014. Although some CCA facilities continued to experience increased prisoner moves by the Justice Prisoner and Alien Transportation System (JPATS), particularly Arizona, which lost 76 prisoners last quarter, other CCA facilities experienced gains in their populations during the fourth quarter of 2014.

Overall, the USMS population in CCA facilities during the fourth quarter remained close to the same level as during the third quarter of 2014. This was primarily due to these facilities experiencing similar levels of prisoners received and lost during both quarters, the largest exception being the Arizona facilities, which accounted for a significant percentage in the reduction of USMS prisoners during every quarter of 2014. It should be noted, however, that the Arizona facilities lost fewer prisoners during the fourth quarter of 2014 than in the other three quarters of 2014. This was due to an increase in prisoners received during the fourth quarter.

We have been advised by JPATS that by the first of February 2015 the agency will resume moving the average number of prisoners as it was moving during the first half of 2014. JPATS increased its prisoner moves during the second half of 2014. If this holds true, we expect to see an increase of approximately 300 prisoners in Arizona during 2015 and a total of about another 100 prisoners among the other CCA facilities. This increase would be in line with what the USMS expects its populations will be during 2015.

Finally, some U.S. Attorney's offices around the nation were able to hire additional federal prosecutors during the second half of 2014. Although USMS districts have not seen any increase in prosecutions up to this point, it is still possible that we could see small increases in prisoner numbers in some CCA facilities during first the quarter of 2015.

USMS POP SUMMARY: Private Population by District

NOV_14

	FY2012ADP	FY2013ADP	MAY_14	SEP_14	OCT_14	NOV_14	Population Change by Period of Time			
							Month	6 Mos.	Year	2 Years
TX-S	4,582	5,048	4,384	4,694	4,684	4,439	(245)	55	(224)	(680)
AZ	5,939	4,777	5,085	4,476	4,341	4,406	65	(679)	(1,195)	(52)
TX-W	4,218	3,932	3,917	3,557	3,607	3,491	(116)	(426)	111	(337)
CA-S	2,479	2,008	1,076	1,077	1,060	1,053	(7)	(23)	(44)	(1,222)
KS	677	794	722	836	800	818	18	96	62	54
NV	777	754	750	549	749	741	(8)	(9)	41	(33)
GA-N	509	582	651	619	617	586	(31)	(65)	(32)	100
OH-N	619	566	535	538	553	561	8	26	25	(120)
NM	818	779	786	641	521	482	(39)	(304)	(194)	(240)
MA	629	597	501	503	502	487	(15)	(14)	(43)	(115)
TX-E	500	422	464	489	456	437	(19)	(27)	(31)	38
TN-E	407	460	331	297	267	305	38	(26)	(86)	(145)
NY-E	232	231	230	224	222	223	1	(7)	(5)	(6)
TN-W	388	292	236	197	209	236	27	0	(39)	(108)
FL-M	352	291	167	122	119	119	0	(48)	(140)	(154)
TX-N	81	111	115	102	96	81	(15)	(34)	(49)	(23)
MD	107	80	96	96	96	106	10	10	(27)	22
MT	89	80	89	91	91	86	(5)	(3)	1	7
CO	0	85	83	75	76	96	20	13	(31)	57
TOTAL	23,709	22,158	20,218	19,183	19,066	18,753	(313)	(1,465)	(2,088)	(3,289)

USMS POP SUMMARY: Summary by Competitor

NOV_14

	FY2011ADP	FY2012ADP	FY2013ADP	SEP_14	OCT_14	NOV_14	Population Change			
							Month	6 Mos.	Year	2 Years
CCA Total	11,063	11,426	9,625	8,184	7,946	7,917	(29)	(972)	(1,212)	(1,727)
CEC Total	1,162	1,258	1,121	1,128	1,079	1,057	(22)	(71)	(2)	(39)
Emerald Total	1,305	1,088	1,050	938	1,037	985	(52)	(57)	(330)	(59)
GEO Total	5,625	5,197	5,519	5,282	5,262	5,118	(164)	(83)	(209)	(349)
LCS Total	2,197	1,640	1,699	1,551	1,594	1,501	(93)	(18)	(144)	(235)
MTC Total	1,217	1,226	1,374	924	936	909	(27)	(239)	(128)	(313)
Other Total	1,343	1,392	1,348	843	825	855	30	(20)	(256)	(567)
GRAND TOTAL	23,912	23,227	21,736	18,850	18,679	18,342	(357)	(1,460)	(2,281)	(3,289)

Federal Bureau of Prisons (BOP)

Nationwide Population (as of 1-30-15): 169,465

Total Private Sector Population (as of 1-30-15): 26,848

CCA Population (as of 1-30-15): 8,169

Summary of Projects:

Criminal Alien Requirement (CAR) 15

CAR 15 included the rebid of CCA's Northeast Ohio facility and GEO's Moshannon Valley facility in Pennsylvania. The BOP issued an RFP for two requirements for the management and operation of a correctional facility operated and owned/leased by a contractor. Each requirement must fall within the range of 1,500 to 2,000 low security, adult, male inmates who are primarily criminal aliens, ordinarily with 90 months or less remaining to serve on their sentences. An offeror could submit for only one requirement or both requirements. The details of the solicitation were as follows:

- Requirement A:** *Proposed institutions shall house inmates in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract. The proposed facility must be located in one of the following states: Ohio, Michigan, Pennsylvania, Delaware, New Jersey or New York. This requirement must fall within the range of a minimum of 1,500 to a maximum of 2,000 low security, adult male inmates who are primarily criminal aliens, ordinarily with 90 months or less remaining to serve on their sentences.*

An offeror awarded a contract must be ready to accept inmates at an existing facility within 150 days after contract award, or no later than April 1, 2016, at a rate specified in the resulting contract. Any construction, expansion or renovation must not interfere with, or delay, the arrival of inmates as required by the solicitation/contract. The inmates shall be housed in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract.

- **Requirement B:** *Proposed institutions shall house inmates in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract. The proposed facility may be located anywhere in the continental United States. This requirement must fall within the range of a minimum of 1,500 to a maximum of 2,000 low security, adult, male inmates who are primarily criminal aliens, ordinarily with 90 months or less remaining to serve on their sentences.*

An offeror awarded a contract must be ready to accept inmates at an existing facility within 150 days after contract award, or no later than April 1, 2016, at a rate specified in the resulting contract. Any construction, expansion or renovation must not interfere with, or delay, the arrival of inmates as required by the solicitation/contract. The inmates shall be housed in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract.

- Offerors are prohibited from housing non-Department of Justice (DOJ) inmates (the presolicitation notice prohibited non-BOP inmates) within the same fence perimeter; however, multiple populations at a prison complex with separate fence lines are acceptable (this reflects our current model at Northeast Ohio). Services received from, or provided to, the resulting contract shall not be shared with other non-DOJ contractual obligations.
- The BOP population must remain separate from other populations at all times. All proposals offering shared services will be evaluated to determine the soundness and effectiveness of the approach to managing and operating the shared institution and/or services.

We submitted our Northeast Ohio facility in connection with Requirement A and our Diamondback, Prairie and Northeast Ohio facilities in connection with Requirement B on August 13, 2013. We were notified on December 29, 2014, that we were unsuccessful in Requirement A as well as Requirement B. GEO's Moshannon Valley facility was the successful offeror in Requirement A, and its Great Plains facility was the successful offeror in Requirement B.

We requested, and were granted, a formal debrief from the BOP post award. Our debrief included feedback in three areas under consideration: technical proposal, past performance and price. Although allowed in the solicitation, the BOP clearly still had issues with our continued USMS population at Northeast Ohio, as evaluators only scored our technical proposal as [REDACTED] and had numerous questions around separation of populations and services during the technical revision phase.

Under the technical proposal, the BOP could only score us according what was submitted in the proposal and not look at our history of operations at our Northeast Ohio facility. Our Northeast Ohio submission was ranked [REDACTED]
[REDACTED]
[REDACTED] In the debrief, and subsequent meetings with the BOP, evaluators indicated that our Health Services struggles at our Eden and Cibola facilities led to our past performance being ranked as [REDACTED]

Criminal Alien Requirement (CAR) 16 (These are rebids of all the Texas CAR beds, including our Eden facility.)

The Federal Bureau of Prisons (BOP) has a requirement for the management and operation of contractor owned/contractor leased, contractor operated correctional facilities for approximately

6,000 beds total. Proposals are due on March 9, 2015. The population will be low security adult male inmates that are primarily criminal aliens with ordinarily 90 months or less remaining to serve on their sentences. Each facility under this requirement must fall within the range of a minimum of 1,200 to a maximum 2,000 at the 100% number of contract beds.

Proposed institutions shall house inmates in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract. The proposed facility(s) must be located in one of the following states: Arizona, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma or Texas.

An offeror awarded a contract must be ready to begin accepting inmates and assume full responsibility for the operation, maintenance and security of the institution no later than the issuance of Notice to Proceed (NTP). The first NTP is anticipated to be issued on January 1, 2017, and the last no later than May 1, 2017. Any construction, expansion or renovation must not interfere with, or delay, the arrival of inmates as required by the solicitation/contract.

Criminal Alien Requirement (CAR) 17 (Rebids of the Texas CAR beds in conjunction with CAR 16.)

The Federal Bureau of Prisons (BOP) has a requirement for the management and operation of contractor owned/contractor leased, contractor operated correctional facilities for approximately 4,800 beds total. The proposals are due on March 9, 2015. The population will be low security adult male inmates that are primarily criminal aliens with ordinarily 90 months or less remaining to serve on their sentences. This requirement may be fulfilled with up to two facilities. Each facility under this requirement must fall within the range of a minimum of 2,001 to a maximum of 2,400 at the 100% number of contract beds.

Proposed institutions shall house inmates in a secure correctional institution that meets BOP standards as set forth in the resulting solicitation/contract. The proposed facility(s) must be located in one of the following states: Arizona, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma or Texas.

An offeror awarded a contract must be ready to begin accepting inmates and assume full responsibility for the operation, maintenance and security of the institution no later than the issuance of Notice to Proceed (NTP). The first NTP is anticipated to be issued on February 1, 2017, and the second no later than April 1, 2017. Any construction, expansion or renovation must not interfere with, or delay, the arrival of inmates as required by the solicitation/contract.

CCA has the ability to submit existing capacity in these geographic locations.

Cibola

We had a full review of Health Services at our Cibola facility in mid October, not just a check of our progress since the April 2014 Contract Facility Monitoring (CFM) in which we had a significant finding in Health Services. Medical had a total of 26 findings including the significant finding in the April CFM review. We are doing better, but still have some issues:

- **Repeat, Repeat, Repeat, Repeat Deficiency:** *Inmates arriving at the institution with positive Purified Protein Derivatives (PPDs) for tuberculosis are not receiving follow up and treatment as per policy.*
- **Repeat, Repeat Deficiency:** *Treatment for HIV inmates is not completed in accordance with policy.*
- **Repeat Deficiency:** *Not all medication administration records (MARs) are accurate.*

The auditors indicated they would get back with us at the April 2015 CFM review regarding whether they would consider six months or 12 months as the review period.

As a result of the April audit, and the subsequent follow up review in October, we were issued a Cure Notice at Cibola for Health Services. Our Cure Period will be limited to the next CFM audit in April 2015, and the results of that CFM will determine the overall decision on the Cure Notice. Our notice included specific requirements to include no repeat deficiencies in Health Services.

Eden

At our annual CFM audit in August of 2014, we had a Significant Finding in the area of Health Services. As a result, the BOP issued very specific questions during the Technical Revision stage of the CAR 15 solicitation. Evaluators also issued questions regarding our Health Services issues/findings at Cibola and expressed concerns that our Health Services issues were becoming systemic. As a result of the findings in August, the BOP has scheduled a re-review in February 2015 just in the area of Health Services. While the BOP (and CCA) acknowledges the long running issues we have experienced at Cibola, the BOP's concern is that Eden is heading toward a similar result. We have implemented POAs (Plans of Action) at both locations and given in person debriefs with BOP staff twice since November updating them on our progress in advance of Eden's re-review and Cibola's April audit.

BOP Population Summary by Security Level

Dec-14

<u>Security Level</u>	<u>Pop</u>	<u>Rated Cap</u>	<u>Pop % of Cap</u>
ADMINISTRATIVE	16,070	13,801	116.4%
MINIMUM	24,912	23,710	105.1%
LOW	75,468	63,838	118.2%
Low - Private	26,936	25,765	104.5%
Low - Public	48,532	38,073	127.5%
MEDIUM	57,835	42,247	136.9%
HIGH	21,940	14,900	147.2%
TOTAL	196,225	158,496	123.8%
TOTAL w/o Private	169,289	132,731	127.5%
Other (RCCs, Jails, Etc)	13,961		
Total	210,186		

BOP POP SUMMARY: Facility by Competitor

Dec-14

	Population				%	Design Capacity	%	Delta		Pipline In	Pipeline Out	Net	Projected Population
	Oct-14	Nov-14	Dec-14	Rated Capacity				1 month	6 months				
CCA													
ADAMS CTY CORR CTR CI	2,139	2,134	2,117	2,232	94.8%	2,567	82.5%	(17)	(363)	141	68	73	2,190
CIBOLA COUNTY CI	1,045	1,089	1,054	1,047	100.7%	1,204	87.5%	(35)	(123)	114	103	11	1,065
EDEN DC	1,396	1,362	1,304	1,355	96.2%	1,558	83.7%	(58)	(217)	54	74	(20)	1,284
MCRAE CI	1,973	1,933	1,887	1,978	95.4%	2,275	82.9%	(46)	(311)	63	78	(15)	1,872
NE OHIO CORR CTR CI	1,495	1,457	1,410	1,328	106.2%	1,507	93.6%	(47)	(64)	5	50	(45)	1,365
Subtotal	8,048	7,975	7,772	7,940	97.9%	9,111	85.3%	(203)	(1,078)	377	373	4	7,776
GEO													
REEVES CI	2,383	2,359	2,295	2,093	109.7%	2,407	95.3%	(64)	(52)	201	223	(22)	2,273
REEVES DC	1,345	1,329	1,217	1,179	103.2%	1,356	89.7%	(112)	(65)	174	172	2	1,219
RIVERS CI	1,260	1,227	1,200	1,201	99.9%	1,390	86.3%	(27)	(175)	39	71	(32)	1,168
RIVERS CI-RDAP	51	53	52	60	86.7%	60	86.7%	(1)	(3)	0	1	(1)	51
D. RAY JAMES CORR FACIL CI	2,492	2,425	2,366	2,180	108.5%	2,507	94.4%	(59)	(49)	88	67	21	2,387
BIG SPRING CI	3,425	3,387	3,370	3,051	110.5%	3,509	96.0%	(17)	(73)	306	315	(9)	3,361
MOSHANNON VALLEY CI	1,817	1,793	1,792	1,583	113.2%	1,820	98.5%	(1)	(5)	114	70	44	1,836
Subtotal	12,773	12,573	12,292	11,347	108.3%	13,049	94.2%	(281)	(422)	922	919	3	12,295
MTC													
DALBY CI	1,811	1,766	1,741	1,670	104.3%	1,921	90.6%	(25)	(118)	107	95	12	1,753
TAFT CI	1,795	1,795	1,768	1,536	115.1%	1,766	100.1%	(27)	(20)	166	120	46	1,814
TAFT CI SCP	539	532	505	512	98.6%	589	85.7%	(27)	(43)	47	23	24	529
WILLACY CI	2,619	2,690	2,858	2,760	103.6%	3,174	90.0%	168	(258)	290	252	38	2,896
Subtotal	6,764	6,783	6,872	6,478	106.1%	7,450	92.2%	89	(439)	610	490	120	6,992
Private Total	27,585	27,331	26,936	25,765	104.5%	29,610	91.0%	(395)	(1,939)	1,909	1,782	127	27,063
Vacant						2,674							

LOCAL and D.C. PARTNERSHIP RELATIONS UPDATES

Local – Existing Business

Citrus County Detention Facility

With the U.S. Virgin Islands having recently increased its population at our Citrus County, Florida, facility to 105 inmates, we continue to work to increase the population. We could easily house an additional 40-50 inmates at the facility. The addition of the U.S. Virgin Islands inmates has helped offset the decrease in the USMS and county populations at the facility. We continue to work with the two newly elected commissioners and are planning to tour them through the facility as we continue educating them regarding our operations at Citrus County.

Additionally, we continue to market all available beds at our Citrus County facility to other jail jurisdictions, as well as to other federal agencies. The current population, which consists of local, USMS and U.S. Virgin Islands inmates, has decreased slightly.

Marion County Jail II (MCJ II)

The jail population of Marion County, Indiana, has remained steady since the first of the year. Regarding Indianapolis Mayor Ballard's proposal to build a new criminal justice complex, which would include a 3,000 bed jail facility in addition to court rooms, community corrections beds, juvenile detention and district attorneys' offices, Mayor Ballard has just over a year left on his term. We continue to be confident that the criminal justice complex will not pass the city-county council. The Democrat-controlled legislative body currently does not have enough votes to even move the proposal out of committee. We have been meeting regularly with Sheriff Layton and his staff about a potential "Plan B" proposal, which would include building only a 3,000 bed jail. We will be working internally to vet this concept and present a proposal to the Sheriff. Finally, we continue to market any available beds to surrounding municipalities, as well as to the USMS.

Silverdale Detention Facility

We continue to work internally to respond to the Hamilton County's request that CCA consider funding additional beds at our Silverdale facility, which would allow closure of the downtown jail that consists of approximately 500 beds. Our Real Estate and Operations departments should have the plans ready for executive review/approval shortly. Once we have the approval to move forward with the proposal, we will begin working with the county to gain feedback and move the project toward approval.

Metropolitan-Nashville Davidson County Detention Facility

We were the successful bidder for the Metro-Nashville Davidson County Detention Facility. We have completed negotiations, which included a per diem increase, and the new contract was effective on February 1, 2015.

District of Columbia/Correctional Treatment Facility (CTF)

Population (as of 1-30-15): 621 (71 USMS; 379 DCDOC; 29 CSOSA; 142 BOP)

- The CTF houses four inmate populations: USMS Maryland; DC Department of Corrections (DCDOC); parole violators through the federal Court Services and Offender Supervision Agency (CSOSA); and short term, sentenced felons from the BOP. The facility's total bed capacity is 1,500.
- During the fourth quarter of 2014, average daily populations at CTF were 630 in October, 633 in November, and 621 in December. The average daily DCDOC and CSOSA populations continued at levels experienced during the third quarter, and the USMS population increased slightly in the fourth quarter. The BOP populations dipped below their anticipated levels during the latter part of the fourth quarter, but have begun to rebound early in Q1 2015. We expect the level to increase slowly during the remainder of Q1 2015.

STATE BY STATE UPDATES**Alabama**

Alabama's correctional system continues to be operated at approximately 200% of capacity. A Prison Reform Task Force recently introduced a number of options that could help the Department of Corrections reduce its inmate population, but there does not appear to be a near opportunity for CCA unless the federal courts impose a capacity cap similar to California's. We continue to follow this situation closely so we will be prepared to further engage at the appropriate time.

DOC Commissioner Kim Thomas resigned on January 27. He had been the commissioner since 2011. Governor Bentley's office announced that Air Force Colonel Jeffrey S. Dunn will be the new commissioner upon his retirement from the Air Force in March. We plan to set a meeting with the incoming commissioner after he formally takes over the leadership of the department.

Alabama's legislature will convene on March 3 for the 2015 legislative session. We expect meaningful discussion on correctional matters during the session, and we plan to be engaged throughout.

Alaska

We continue to monitor this state, although in recent years the state has built additional capacity to eliminate its utilization of out of state privately operated facilities.

Arizona

CCA operates six facilities within Arizona, housing approximately 10,900 inmates. Those inmates include offenders from the states of Arizona, California, Hawaii and Vermont as well as federal ICE, USMS and BOP populations.

Our focus in the fourth quarter of 2014 was to ensure a smooth transition of the second phase of our contract with the State of Arizona at our Red Rock Facility (1,000 beds total by mid February) and make sure that the contract is fully funded in the Governor's budget. Additionally, we have had a number of conversations concerning the state's overcrowded prison situation as well as the fact that our Red Rock facility has additional capacity.

In January, new Governor Doug Ducey released his budget for FY16, which fully funded our 1,000 bed contract with the state. Additionally, the Governor has asked the legislature for authorization for 3,000 new private prison beds to be brought online over the next 3 years – 1,000 beds in April 2016, January 2017 and January 2018. We believe our Red Rock facility is uniquely positioned to fulfill the state's needs for immediate capacity of 1,000 beds, and we are actively engaged in efforts to direct the first 1,000 additional beds to CCA.

At the Capitol, Democrats have introduced a number of anti-privatization bills: a) a bill that would add public information requirements on private prison companies; b) a bill that would establish a study committee on prison privatization and c) a bill that would restrict the types of offenders that can be housed in private facilities from out of state. We are reaching out to staff in the House to educate

them on the myriad of issues with these bills and will work this session to ensure that those bills do not advance through the process.

The utilization of proactive messaging in the community continues to be a priority so that the media and various legislators hear the true story of CCA. Through our Public Affairs team, we continue to maintain communication with the reporters who cover our industry. We have also helped shape third party OP/Ed responses following negative Arizona media coverage and will continue to respond when necessary to ensure that inaccurate coverage of CCA or the industry does not go unchecked.

Arkansas

Arkansas continues to experience capacity constraints within its corrections system. Discussions regarding potential solutions have proceeded in Little Rock, although no action was taken in advance of November's elections. With the election and inauguration of Governor Asa Hutchison (R) complete, we are becoming more actively engaged in Arkansas as the state moves forward to identify solutions to its correctional needs. We have engaged a well-positioned lobbying firm to help us navigate the Arkansas political landscape and better position CCA throughout this process.

Governor Asa Hutchison recently appointed Wendy Kelly as the new Commissioner of the Department of Corrections. Commissioner Kelly most recently served as the Chief Deputy Director within the department. We are planning to meet with Commissioner Kelly in the near future.

California

Governor Brown released his budget in January for FY16 and it contains full funding for our out of state program (9,000 beds) as well as our California City lease payment. We have had continual conversations with budget staff and the Governor's office about the important flexibility that the out of state program and our California City facility give the state as it works to meet court mandates on prison overcrowding.

Due to the passage of Proposition 47, which reduced penalties for certain offenders convicted of non-serious and nonviolent property and drug crimes as well as other measures implemented by the legislature, CDCR's inmate population has fallen over the past 3 months by approximately 3,500 offenders. As a result, the state has already met the court's February 2016 benchmark of 137.5%. CDCR projections show increases in population once the impacts of Proposition 47 are fully realized; therefore, the state's ability to maintain that level of crowding is not yet known. Partnership Development and Operations remain active in educating decision makers on the importance of out of state beds, particularly the fact that they are celled capacity versus lower level dorm beds that are being brought online now by the state through the reactivation of instate community corrections facilities.

Last quarter, we mentioned that we were working with CDCR to bring our facilities as close to 100% of capacity (8,988) as possible. As a result of those conversations, we are now operating our out of state contract at approximately 99% of capacity versus 97% three months ago. Thus far in January 2015, our vacant beds are at around 100.

We are in detailed talks with the department for the utilization of our Leo Chesney facility (300 beds) in Live Oak, approximately one hour north of Sacramento, for a female population. The Leo Chesney opportunity would be somewhat similar to the California City lease with CDCR union employees

(CCPOA) providing the security while our staff perform the inmate programming function, food service etc. A contract at Leo Chesney under this type of operational framework would provide us with another opportunity to partner with CCPOA and continue that strategic relationship.

In addition to the Leo Chesney opportunity, we are pursuing opportunities throughout California (with a particular focus in Southern California) on space that could be used as residential reentry centers for a CDCR population. Those conversations include options such as CCA owning facilities and leasing to an operator or CCA owning and operating the facilities ourselves. We have identified several sites that we believe would add value to CDCR as well as local government and the BOP. We are hopeful that in the next 12 months we can penetrate this market in California. We believe that providing value in this segment of the offender population would further entrench ourselves as the provider of choice for CDCR.

Colorado

CCA owns and manages four facilities in Colorado: Bent County Correctional Facility, Crowley County Correctional Facility and Kit Carson Correctional Facility, which collectively house 3,207 Colorado inmates; Huerfano County Correctional Facility was closed in 2010.

Governor Hickenlooper recently released his initial budget request for the 2015-16 year. Included in the budget is a 1% per diem increase to our daily rate and a projected population increase of 276 male offenders to be housed by the private sector.

We have been successful in working with the Joint Budget Committee (JBC) to consider increasing the per diem in its initial figure setting to include a 2.7% per diem increase to our daily rate. However, the JBC was upfront that it might reduce the initial increase in March after the revenue forecast for the state is released. We will work to defend a per diem increase and ensure that we hold additional inmates in the 2016 budget.

Connecticut

The state's prison system has seen recent population growth and has a higher than average cost per inmate; however, Governor Malloy has not shown an interest in exploring correctional partnerships.

Delaware

We continue to monitor this state although the inmate population continues to decline.

Florida

CCA currently operates one managed only facility for the State of Florida. The Lake City Correctional Facility has the capacity to house 893 male, youthful offender inmates. In total, approximately 99% of the beds at Lake City were filled in Q4 2014. CCA's current contract runs through June 30, 2016.

Florida's 2015 legislative session begins on March 3 and is expected to conclude in early June. Governor Scott released his FY16 budget on January 28, and it included full funding for the Lake City facility. We will be actively engaged on the budget and legislation throughout the 2015 legislative session.

Governor Rick Scott (R) appointed new leaders for the Department of Corrections (DOC) and Department of Management Services (DMS), the agency responsible for the management of our contract. Julie Jones was named the new Secretary of the FL DOC, while Chad Poppell was named the new Secretary of DMS. Both Secretary Jones and Secretary Poppell served in various roles within state government before accepting their respective appointments. We have meetings scheduled with both in advance of the 2015 legislative session.

Georgia

CCA currently operates three owned and managed facilities for the State of Georgia, with a combined capacity of 6,476 beds. Coffee Correctional Facility is currently contracted to house 2,628 inmates, Wheeler Correctional Facility is currently contracted to house 2,698 inmates and Jenkins Correctional Center is contracted to house 1,150 inmates. In total, approximately 98% of the beds CCA manages for Georgia were filled in Q4 2014.

Georgia's 2015 legislative session began in early January and will run through late March. We have been actively engaged in Georgia over the last several months discussing the FY16 budget and per diem increases for our facilities. The Governor recently released his FY16 budget, which included an increase for our facilities that is partially tied to adding additional rehabilitation programs. Our team will be actively engaged on the budget and legislation throughout the 2015 legislative session.

Governor Deal has been focused on criminal justice reform since taking office in 2011, and he is expected to maintain this focus throughout his second term. He addressed the need to rehabilitate inmates in both his State of the State Address and his inaugural speech, further highlighting his interest in reforms. We will continue to work with the Governor's office and the Department of Corrections to ensure that we are active participants as Georgia addresses rehabilitation of inmates and the reduction of recidivism.

Hawaii

CCA currently houses 1,399 Hawaii male inmates at our Saguaro Correctional Center (SCC) in Arizona and maintains a positive relationship with the Department of Public Safety (PSD). The population count remained relatively flat at SCC in the second half of 2014, following several quarters of slight declines. Nevertheless, we expect continued efforts to return as many state inmates to the Islands as capacity and PSD funding allows.

On December 31, Governor Ige appointed Nolan Espinda as the new Director of PSD. Warden Espinda has a 30-year career with the Hawaii Department of Public Safety, most recently as the Warden of Halawa Correctional Center, Hawaii's largest prison. As with any new appointment, Interim Director Espinda will have to be confirmed by the Senate during legislative session. While the date for his confirmation hearing hasn't been set yet, we do not foresee any issues in him being confirmed.

Partnership Development had an opportunity to meet with Interim Director Espinda and Governor Ige in early January. The meeting went well with our message being we are proud of our longstanding partnership with the State of Hawaii on the mainland and expressing our willingness to partner with the state in providing an on-island solution to its deteriorated system if the Ige administration decides to build a new facility on the Islands.

As a reminder, in late 2013 PSD released a Request for Information (RFI) seeking to develop adequate capacity for its correctional system on the Islands through expansions and new builds/larger replacement jail facilities to completely overhaul its corrections system. The RFI clearly specified the state's intent to operate all facilities and its goal to eliminate the use of contract facilities. Following up on the RFI, the legislature passed a joint resolution last year encouraging the Governor to explore a competitively procured public-private partnership agreement to finance, build and lease back new and remodeled correctional facilities for state operation. To best position CCA for this opportunity, CCA has partnered with two local groups: Nan, Inc., which is a general contractor of choice for the U.S. federal government in the Pacific, and Stanford Carr Development, which is a real estate development firm with over twenty years of experience on the Islands. We believe the change in administrations will delay the release of a full RFP; however, we continue to feel an Ige administration will be receptive to a public-private partnership solution on the Islands.

Legislative session began on January 21 and is scheduled to adjourn on May 7, 2015. The Democrats remain in strong control of the legislature and as we have traditionally seen, we expect a number of bills to be introduced related to housing inmates on the mainland and the expansion of the Hawaii system in order to bring the inmates back to the Islands. In advance of legislative session starting, Partnership Development held a host of positive legislative meetings with key legislative leaders in an effort to open lines of communication to protect our mainland program and to reiterate CCA's willingness to assist the state with an on-island solution to its overcrowded/deteriorated system. We will continue to protect CCA's interests in the legislature and work to best position CCA to be the partner of choice in meeting Hawaii's correctional needs.

Idaho

CCA houses approximately 228 Idaho inmates out of state at our Kit Carson facility in Colorado to assist Idaho with overcrowding. A one-year extension to the contract was signed with the Idaho Department of Corrections (IDOC); however, IDOC continues to seek ways to reduce its overall population to enable the return of all inmates to Idaho. Governor Otter (R) has included funding in his 2016 budget for the out of state inmates for an additional year. We will work to ensure that this funding remains in the budget.

Illinois

Although Illinois elected Republican businessman Bruce Rauner as its new governor, CCA does not see the state as a near term opportunity because state law currently prohibits correctional partnerships. We will, however, be scheduling time with Rauner's administration to educate staff on partnership corrections and in particular our ability to assist them with a finance, design build and lease back option to address the state's aging and overcrowded correctional system.

Indiana

CCA continues to meet with Indiana Department of Correction Commissioner Bruce Lemmon and staff from Governor Pence's office regarding our ability to offer both immediate and long term solutions. Our talks with the administration are primarily focused on the sale of a state operated facility to private management as a government efficiency solution for corrections or allowing the private sector to finance, design, build and/or operate a new facility to replace old inefficient facilities.

However, in a state that funds all current capital projects with cash and has continuously maintained its corrections system, it is proving to be a difficult sale.

Governor Pence's proposed budget for the next two fiscal years (FY16 and FY17) provides \$51 million in funding for the construction of additional cell houses at Miami and Wabash Valley correctional facilities in order to meet projected increases in population. The Governor's proposed budget also funds \$32 million in preventative maintenance and repairs for the 22 correctional facilities and an additional \$43 million to support operations and staffing.

Iowa

Iowa law specifically prohibits housing inmates in any sort of private facility either in or out of the state so the state is not seen as a near term opportunity.

Kansas

While Kansas is projected to be out of capacity by July 2016, the DOC remains hopeful that new sentencing laws enacted last year to decrease the amount of time that has to be served for technical violators of parole will assist in slowing its population growth and deferring the state's need for additional beds. With our Leavenworth facility able to take inmates from all security levels, we continue to promote the facility as a viable and immediately available instate solution to both the Governor's office and DOC. CCA recently met with the DOC in an effort to continue to encourage the department to utilize beds at our Leavenworth facility, and we are hopeful that 2015 will include a Kansas contract.

Kentucky

CCA currently owns three facilities in Kentucky, the 826 bed Marion Adjustment Center (MAC), the 656 bed Otter Creek Correctional Center (OCCC) and the 816 bed Lee Adjustment Center (LAC). The Lee Adjustment Center in Beattyville, KY currently houses approximately 360 inmates from Vermont, while both MAC and OCCC are vacant. We continue working diligently to identify potential partners interested in the use of MAC and OCCC. The Kentucky Legislature convened for the 2015 Legislative Session in early January but has recessed until early February. Kentucky operates under a biennial budget and 2015 is nonbudget year.

Kentucky's gubernatorial election will be in November 2015 and the early frontrunners are Attorney General Jack Conway (D) and Agriculture Commissioner James Comer (R). We will be engaging both campaigns throughout the year as we try to gain traction with the next administration for Kentucky to renew our partnership and reopen both MAC and OCCC.

Louisiana

CCA currently operates one managed only facility for the State of Louisiana. Winn Correctional Facility has had an average population of 1,550 (99% of capacity) this quarter.

Maine

We continue to reach out to state policymakers regarding CCA's ability to provide financial resources as well as proven correctional cost savings.

Maryland

While no opportunity exists at this time, the environment for public-private partnerships may be improving given Republican businessman Larry Hogan's recent election as governor.

Massachusetts

Because of its strong union influence, we have not made Massachusetts a high target area. However, with the recent election of a Republican governor, coupled with the state's overcrowding problems (140% of its rated capacity), we will engage the new administration to determine if there might be an opportunity in the state.

Michigan

Due to the state's inmate population remaining relatively flat over the past three years and the DOC's failed attempts to award several contracts to the partnership corrections industry in the past two years, there appears to be little opportunity at this time in Michigan. CCA, however, is exploring our ability to partner with a third party health care provider to respond to a DOC Request for Information (RFI) for roughly 100 long term care beds for elderly inmates.

GEO's vacant Baldwin facility was the successful bidder on the Washington RFP to house up to 1,000 male offenders mentioned in last quarter's report. As a reminder, CCA had an "as needed" contract with Washington which expired in Q4 2014; however, the Washington procurement office would not allow an extension in the contract without a competitive bid. We do not anticipate Washington has an immediate need for beds, but we do believe that Washington would utilize beds in the coming years as the state previously used out of state beds to address overcrowding.

Minnesota

Under a second Dayton administration, a state contract for Prairie would likely be limited to a lease only arrangement due to the administration's allegiance to labor. With Minnesota experiencing a slight uptick in its population numbers, we held a series of meetings in January with the administration and the legislature pitching the idea of leasing Prairie to the State of Minnesota. While the DOC was a bit leery of the idea in the beginning, the Commissioner seemed more open to the idea than previously. We will continue to actively promote this as a solution to the state's rising prison population.

Mississippi

CCA currently owns and operates two facilities in Mississippi. Tallahatchie County Correctional Facility, located in Tutwiler, houses 2,672 inmates for our California partner and is operating at 99% capacity. Adams County Correctional Center, located in Natchez, houses 2,141 Bureau of Prisons inmates.

In August 2014, the Mississippi DOC released four RFPs for the private management of Walnut Grove Correctional Facility (1,500 inmates), Marshall County Correctional Facility (1,000 inmates), Wilkinson County Correctional Facility (1,000 inmates) and the East Mississippi Correctional Facility (1,500 inmates). All four facilities are currently operated by MTC. Due to operational and financial concerns, CCA decided not to submit a bid for any of the four facilities. News reports indicate that GEO also passed on the procurement and only two smaller companies (MTC and

CEC) submitted bids. The Mississippi DOC was in negotiations with MTC for the four contracts, but DOC Commissioner Chris Epps resigned effective 11/5/14 amid a federal investigation regarding bribery and kickbacks. As a result of Commissioner Epps's indictment, Governor Phil Bryant ordered the Department of Corrections to rebid the four RFPs. We will reevaluate the opportunity once the new procurements are released.

In late December, Governor Bryant's Task Force recommended and Gov. Bryant appointed Former Mississippi Bureau of Narcotics Director Marshall Fisher as DOC Commissioner.

Missouri

While no opportunity exists at this time, we will continue to monitor the political atmosphere and bed need.

Montana

CCA's longstanding partnership with the State of Montana continues with CCA's Crossroads Correctional Center serving as a key part of the state's prison system. With our current Montana inmate population at 581 combined with the USMS population there, the facility is operating at full capacity.

In September, CCA signed a contract amendment to add an additional 53 temporary beds to be housed at our Crossroads facility through June 30, 2015 as the state deals with an increase in male offenders. We continue to have discussions with the department on a long term solution should the population increase appear to be sustaining.

Governor Bullock released his initial budget request for the biennial, which includes a 2% increase to our per diem for each year of the biennial. We will work closely with the legislature to ensure this increase remains in the final budget.

Due to recent negative attention on private operations, the Interim Law & Justice Committee voted to have draft legislation written to conduct a study on the private for-profit prison industry in Montana to determine if our contract should be renewed when it expires in 2019. We will be working extremely hard to ensure that any study by the legislature will include the benefits of private partnerships to our local communities and state partners.

Nebraska

While Nebraska's correctional system operates at roughly 150% of capacity, there has been consistent opposition to utilizing the private sector. Given Nebraska's level of overcrowding, Partnership Development will approach the new administration to educate policymakers of our abilities, particularly in relation to financing, building and leasing new facilities for state operation.

Nevada

No opportunity exists at this time as the state's inmate population has remained flat for many years. CCA owns and operates one facility near Las Vegas, the Nevada Southern Detention Center, which has a current population of approximately 760 federal detainees.

New Hampshire

CCA continues to engage Governor Hassan and Corrections Commissioner Wrenn on our abilities to finance, build and lease back to the state a new prison, as the state's 1,200 bed main prison was primarily constructed in the late 1800s.

New Jersey

While no opportunity exists at this time, we will continue to monitor the political atmosphere and bed need.

New Mexico

CCA's contractual relationship with the New Mexico Corrections Department (NMCD) is focused on the company owned and operated 744 bed New Mexico Women's Correctional Facility located in Grants. The department has experienced growth in its number of female offenders. Through operational efficiencies, CCA has been able to expand the facility's capacity by approximately 100 beds (a nearly 15% increase) which has provided the state with an immediate relief valve.

Because our contract with the department expires in June 2016, the Corrections Department released a Request for Proposals (RFP) for a rebid of the population we currently house at NM Women's. While the mandatory pre-bid conference was attended by both CCA and GEO, CCA ultimately was the only responder to the RFP. Based on a single bid and lack of competition the department chose to cancel the RFP. It is not known at this time if the department will issue another RFP or request of the State Department of Finance to have a sole source contract with CCA. Governor Martinez has included funding in her budget for our contract. We will work to make sure that it remains in the budget.

New York

No opportunity exists at this time due to strong union and political views against partnership corrections.

North Carolina

The North Carolina legislature convened for the 2015 legislative session on January 28 and is expected to be in session through early July. Republicans control both the House and the Senate. With a Republican governor, a Republican controlled House and Senate, and a number of correctional facilities that are more than 30 years old at an average per diem of almost \$80, North Carolina could present some opportunities for CCA in the future. Although no definitive opportunity exists at this time, we will continue to engage policy leaders regarding CCA's ability to help meet the state's needs going forward.

North Dakota

The North Dakota legislature convened for the 2015 legislative session in early January. Republicans control both the House and the Senate. North Dakota continues to experience a moderate increase in its inmate population and is in the process of exploring additional capacity options. Governor Dalrymple's FY16 budget has been released and includes some funding to allow the Department of

Corrections to further explore the use of out of state beds. We have been engaged with the DOC regarding our ability to provide capacity through the use of our out of state beds. North Dakota inmates have previously been housed at CCA's Prairie facility. We will continue working with the department toward a possible solution to its capacity needs.

Ohio

Lake Erie Correctional Institution's population is 1,767 (98% of capacity), and the facility exhibited much stronger operational performance and community support in 2014 under the leadership of Warden Sloan. Warden Sloan was even recently named the Department of Rehabilitation and Corrections (ODRC) Northeast Region Warden of the Year. The improved operations also greatly helped Partnership Development gain ODCR's approval on a 2% CPI increase effective July 1, 2015.

The state's population continues to tick upwards toward the 51,000 mark, putting even greater strain on a system already at 130% capacity. Partnership Development had begun discussions of providing Ohio additional capacity by expanding Lake Erie when CCA unfortunately lost its BOP contract at our Northeast Ohio (NEOCC) facility. Efforts are now being redirected towards getting Ohio to use NEOCC to relieve prison overcrowding.

Oklahoma

CCA currently owns and operates four facilities in Oklahoma: North Fork, which houses inmates from California; Diamondback, which is currently vacant; and Davis and Cimarron, which together are contracted to house approximately 3,300 Oklahoma inmates. The state now utilizes all of the capacity at both our Cimarron and Davis facilities.

Our focus in Oklahoma continues to be on opening our Diamondback facility in Watonga. Governor Fallin will release her budget in February. Historically, the Governor's budget does not include funding for specific policy issues, instead choosing to engage legislative leadership during budget negotiations at the Capitol. We have been in discussions with her staff on our empty Diamondback facility and how that facility could assist the department in managing its inmate housing needs. Those conversations have been positive and staff has indicated that the primary obstacle in the past to opening Diamondback was budget related.

As session convenes in February, we will continue our efforts to open Diamondback and will work in concert with the department, which has requested funding in FY16 for additional capacity. More specifically, the DOC has asked the Governor and the legislature for funding for 1,000 new private prison beds. Director Patton recently did an analysis of the public system and found that state prisons were operating at approximately 115% of design capacity compared to the 98% that was reported by the prior administration. The department has asked us to work collaboratively with its staff to secure funding. Because GEO recently won an award for a BOP population at its Hinton facility, our Diamondback facility is the only capacity available in state.

Oregon

While no opportunity exists at this time, we will continue to monitor the political atmosphere and bed need.

Pennsylvania

No opportunity exists at this time.

Rhode Island

Democrat Gina Raimondo won election as the first female Governor of the State of Rhode Island. Although we do not believe that there is a current opportunity with Rhode Island, we previously met with Governor Raimondo while she was State Treasurer. That conversation centered on a federal facility in Central Falls (Wyatt Detention Center) that was undergoing financial difficulty. That conversation went very well with Raimondo signaling her willingness to work with the private sector. CCA will be engaging her administration in 2015.

South Carolina

Although no definitive opportunity exists at this time, we will continue to monitor the political atmosphere and needs in South Carolina.

South Dakota

No opportunity exists at this time.

Tennessee

CCA currently manages three facilities for the State of Tennessee with a combined capacity of 5,228 beds. Hardeman County Correctional Center has the capacity to house 2,016 adult male medium security inmates. South Central Correctional Center has the capacity to house 1,676 adult male medium security inmates. Whiteville Correctional Facility has the capacity to house 1,536 adult male medium security inmates. In total, approximately 98% of the beds CCA manages for Tennessee were filled in Q4 2014.

Construction of the Trousdale-Turner Correctional Center continues to proceed as planned, and we still anticipate the ramp of inmates into the facility to begin in Q1 2016.

Governor Haslam (R) had not released his FY16 budget at the time of this report. The Department of Corrections presented its budget request to Governor Haslam in mid December. In its presentation, the department requested full funding, to include contracted inflators, for our existing facilities. In addition, the department requested necessary funding to begin the ramp of inmates into Trousdale-Turner CC in Q1 2016. We will closely review the Governor's budget upon release and we'll be actively engaged on the budget throughout the 2015 legislative session. Tennessee's 2015 legislative session began in early January and will run through early April.

Texas

CCA currently operates four managed only state jails for the Texas Department of Criminal Justice (TDCJ). The four facilities have a combined capacity totaling 5,128 beds that currently are operating at 99% of capacity.

TDCJ released five RFPs for the operation and management of Billy Moore, Sanders Estes, Cleveland and Diboll Correctional Centers and the Lockhart Work Program totaling 5,378 beds. Responses to bids are due February 11 with service commencing on September 1, 2015. These facilities are owned by the state but are currently managed by either GEO (two facilities) or MTC (three facilities).

Utah

The Utah legislature passed legislation last session creating a commission that will study and make recommendations on how and where to move the current state prison in Draper. Private operations of the new prison will not be an option, but there may be an opportunity for private financing, building and lease back to the state. CCA's Partnership Development team has had several conversations with key policymakers and legislative finance staff educating them of our capabilities as a REIT.

Vermont

We currently house approximately 360 Vermont medium security inmates at our Lee Adjustment Center facility in Kentucky as well as 37 maximum security inmates at our Florence Correctional Center in Arizona.

Our contract with Vermont expires July 1, 2015 and the Department of Corrections released two separate RFPs at the end of August. Vermont received four responses and has narrowed the finalists to CCA and GEO. Best and Final Offers were due to the department on February 6 with award anticipated February 17.

An opposition group led by a term limited state representative has waged a campaign to bring the Vermont inmates back to Vermont because of the long distance between inmates and their families. To combat some of the negative messaging from this group, we have established and utilized video visitation at both Lee and Florence back to Vermont effective Q4 2014.

Virginia

There is not an immediate partnership opportunity at this time as the department continues to have excess capacity.

Washington

GEO's vacant Baldwin facility was the successful bidder on the Washington RFP to house up to 1,000 male offenders mentioned in last quarter's report. As a reminder, CCA had an "as needed" contract with the department which expired in Q4 2014; however, the state procurement office would not allow an extension in the contract without a competitive bid. We do not anticipate Washington has an immediate need for beds, but we do believe that Washington would utilize beds in the coming years as the department has previously used out of state beds to address overcrowding.

West Virginia

On January 26, 2015, West Virginia officials canceled the 2013 procurement to house up to 400 inmates out of state on an inmate selected voluntary basis. The state's decision was based on its assessment that the program was no longer needed given the recent decline in its prison population following enactment of Justice Reinvestment Initiatives.

Wisconsin

CCA continues to actively promote partnership options to the Walker administration and recently has piqued some interest with the administration regarding the replacement of old inefficient facilities with the private sector providing a financing, design, build, lease back solution.

Wyoming

While no opportunity exist at this time, Wyoming's population projections indicate the state will need additional bed space during 2017. However, the Department of Corrections is requesting funding for additional alternatives to incarceration that the department feels may push the need for additional beds further into the future. We will continue to monitor Wyoming's population demands and to maintain relationships with key department personnel, so we are well positioned when additional bed space is needed by the state.

U.S. Virgin Islands

The U.S. Virgin Islands has elected Kenneth Mapp as the new governor. Governor Mapp is in the process of replacing the existing cabinet members. We anticipate a new corrections director to be named in early February. We have met with the interim director and the new legal counsel for corrections. They are satisfied with our partnership and intend to keep the contract active.

Summary of RFPs and Proposals**Synopsis of Detail Contained in Federal, Local and State Sections****Proposals in Production:*****Texas Department of Criminal Justice (TDCJ):*** Due February 11, 2015

TDCJ has issued an RFP for the operation and management of four correctional centers (male inmates) and a work program facility (female inmates) in Texas. The facilities are the B.M. Moore Correctional Center (500 beds), Cleveland Correctional Center (520 beds), Diboll Correctional Center (518 beds), Sanders Estes Unit (1,040 beds), and Lockhart Work Program Facility (1,000 beds). MTC currently operates three of the facilities and GEO is the current operator of two of the facilities. Under the RFP, vendors are invited to bid on one or more of the facilities. TDCJ will contract with its health care provider(s) to provide complete health care services, including medical, dental, mental health, pharmaceutical, medical records, emergency care and sick call services for offenders assigned to each facility. Services to commence on September 1. The contract term will consist of a two-year base period, subject to appropriations, with three two-year option periods for a potential contract term of eight years. CCA, GEO, MTC, CEC and LaSalle all attended the non-mandatory pre-proposal conference on January 7 and the facility tours from January 12-15.

Bureau of Prisons (BOP), CARs 16 and 17: Due March 9, 2015

The BOP has issued two RFPs (CAR 16 and CAR 17) for housing low security adult males, primarily criminal aliens with ordinarily 90 months or less remaining to serve. The proposed facilities for both RFPs must be located in one of the following states: Arizona, Louisiana, Mississippi, Nevada, New Mexico, Oklahoma or Texas. These RFPs include the rebid of contracts awarded in Texas and Louisiana under CAR 5 and CAR 6. Each new contract will have a five-year base period, with five one-year option periods. CAR 16 is for approximately 6,000 beds; each CAR 16 facility must fall within the range of a minimum of 1,200 to a maximum of 2,000 beds, excluding SHU. This will include a rebid of our Eden population. CAR 17 is for approximately 4,800 beds; each CAR 17 facility must fall within the range of a minimum of 2,001 to a maximum of 2,400 beds, excluding SHU.

Submitted Proposals, Final Status Pending:***Bureau of Prisons (BOP), RRC:*** Submitted December 23, 2014

The BOP issued an RFI to determine whether or not there are qualified sources that will be able to meet the requirements of an intended upcoming solicitation for both Residential Reentry Center (RRC) services and Home Confinement Services located in San Diego County, California for male and female offenders held under the authority of various United States statutes. The requirement for RRC services will be for approximately 254 beds per day (178 male and 76 female) for a five-year period. The requirement for Home Confinement Services is approximately 52 placements per day for the same period. This RFI is the precursor to the rebid of the BOP RRC and Home Confinement

contract at our CAI San Diego facilities. The RRC bed numbers are higher than the previous RFP (was 170, now 254) but the CAI facilities can meet the higher number.

Vermont Department of Corrections (VTDOC): Submitted October 23, 2014

VTDOC issued two RFPs for an out of state facility. The first RFP solicits proposals for the confinement and supervision for up to 600 Vermont inmates who are minimum, medium and close custody offenders under the VTDOC classification system but who might score at higher custody levels under other states' classification systems; the second RFP requests confinement and supervision for up to 75 high security Vermont inmates. The department intends to award this contract for a two-year period beginning September 1, 2015 and ending June 30, 2017, with the right to extend the contract for one additional two-year term, depending on available funding and at the discretion of the state. These RFPs are the rebids of our contracts to house Vermont inmates at our Lee Adjustment and Florence facilities. CCA, GEO and Rensselaer County, NY attended the non-mandatory bidders conference on September 18. We submitted our proposal by the due date and confirmed receipt. VTDOC notified us that they were delaying the award announcement from January 15 to February 17, 2015. VTDOC has requested our final best offer by February 6.

Immigration and Customs Enforcement (ICE), Houston: RFI Response Submitted on October 2, 2014

Immigration and Customs Enforcement (ICE) issued a Request for Information (RFI) to identify potential sources in the greater Houston, Texas, area to provide the physical structure, equipment, personnel and services for housing male and female detainees. We previously responded to an RFI in November 2012 and submitted revised proposals in March and November 2013. This is similar to the RFI we responded to in 2012; however, the estimated bed numbers have increased to approximately 1,262 beds and more detail is provided regarding the required staffing and support spaces. The transportation requirements are the same as in the previous RFI and cover 54 counties in the Houston Area of Responsibility. The RFI advised vendors who have responded to previous requests for information on this requirement should respond indicating their continued interest by resubmitting their information to include any updated information. Using the most recent information submitted to ICE as the base, we submitted our response by the October 2 due date and confirmed receipt. ICE has issued the presolicitation notice for the RFP. The RFP is anticipated to be released on or after February 6, 2015. The government expects to award one base year and nine option years, with full performance to begin by April 1, 2016.

Marion County, Florida: Submitted March 28, 2014

Marion County, (Ocala) Florida, issued an Invitation to Bid (ITB) for Real Property for Sale with Lease Back Provision. The county jail is located on the property for sale; however, the sale includes no other functions of operations/staffing, or maintenance/renovations/repair, or construction/additions to the jail buildings. The sale of approximately 36 acres of land with improvements is limited to and contingent upon the highest bidder leasing said land and improvements back to Marion County with a 20-year term that includes a reversion clause conveying the property back to Marion County upon expiration of the lease. A team toured the facility/property to assess the conditions. We submitted our response by the due date and were later notified that CCA is the high bid. In response to the county's request, we drafted a sample lease agreement for discussion. We also agreed to extend our offer an additional 90 days to have sufficient time to negotiate the lease terms. On June 5, we met with various county staff and presented options for their consideration. On July 15, the county commission agreed to continue negotiations with CCA in anticipation of a decision

in late September. Although the county has since asked us to explore the possibility of purchase and operation of the jail, it was determined not to pursue the daily management of the jail, and we continue to pursue this opportunity as a lease/purchase option.

Oklahoma Department of Corrections: Submitted February 10, 2014

The Oklahoma Department of Corrections issued an RFP for medium security housing within the state of Oklahoma, to be operational and commence services on May 1, 2014. The department is soliciting new instate beds with this RFP, which requires 350 male beds with potential expansion up to 2,000 beds. We proposed our Diamondback Correctional Facility in response to this RFP. The department conducted a tour and physical plant evaluation of the facility on February 19, 2014 and the tour went well.

Hawaii Department of Public Safety: Submitted December 26, 2013

The Hawaii Department of Public Safety (DPS) issued an RFI to learn more about potential approaches to designing, building, maintaining and financing the new or expanded Hawaii facilities described in the RFI. The state is seeking to develop adequate capacity for its correctional system on the Islands through expansions and new builds/larger replacement facilities, and this RFI represents a complete overhaul of the state's capacity. It is our understanding that other vendors have approached the state with ideas. The State of Hawaii will operate the facilities. Hawaii also reiterated its intent to bring home the 1,500 inmates from the Mainland as well as 300 jail inmates currently housed in non-DPS facilities on the Islands. We participated in an informational meeting with DPS; GEO, CGL, TJ Mahoney & Associates, Hensel Phelps Construction, M Hoffman, Hunt Companies, AEOOM and EO Integrated Systems were also in attendance. We partnered with Nan, Inc. and Stanford Carr Development, both local firms, on our submitted response.

Immigration and Customs Enforcement (ICE), Laredo: RFI Response Submitted March 26, 2013; IGSA/RFP Response Submitted October 23, 2012

Immigration and Customs Enforcement (ICE) issued an RFP for an Intergovernmental Service Agreement (IGSA) for our Laredo Processing Center. ICE proposed the availability of approximately 400 adult male bed spaces to be in place and available upon the date of the agreement. ICE intends for this new IGSA with Webb County to be the new contract vehicle for housing ICE detainees at the Laredo facility but does not intend any operational changes or population increases at this time. The only change will be the implementation of wage determination. ICE will seek any physical plant modifications through a separate process. We emailed our proposal to ICE on October 23, 2012, provided followup information as requested and met with ICE to discuss pricing in April 2013. In July, ICE sent a new IGSA for the Laredo facility for our review along with additional pricing requests and we submitted our responses to them accordingly. We held a call with ICE in August 2013 to discuss the IGSA. In February 2014, ICE informed us that the agency would like to resume IGSA discussions and they accepted our previously requested changes. Discussions continue to finalize the contract.

Also related to Laredo, in February 2013 ICE issued an RFI for approximately 600 beds in Laredo, Texas, to see what options were available for additional beds in the area. We modified our recently submitted office space and bed expansion proposal to meet the RFI requirements. We submitted our RFI response to ICE by the March 26, 2013 deadline. We provided additional information to ICE regarding our proposed bed and office expansion options per agency requests.

Mesa, Arizona: Submitted October 3, 2012

The City of Mesa, City of Chandler, Town of Gilbert, City of Tempe and City of Scottsdale, Arizona seek to establish an agreement with a qualified agency to provide jailing services to include booking, maintenance and operations of temporary housing of misdemeanor offenders. The facility must be able to house up to 500 prisoners a day and have the ability to expand to meet the growing needs of the area. The RFP indicated this number should be considered a minimum, but there was no guaranteed population level. CCA, Emerald, G4, UEB Builders and Sletten Companies attended the non-mandatory bidders' conference. We also learned that GEO, MTC and CEC downloaded the RFP as well. We submitted a proposal that offered beds at our Florence Correctional Center and other CCA facilities in Arizona. We responded to requested clarifications in May 2013 and January 2014. We received notification from the City of Mesa that the cities intend to enter into exclusive negotiations with CCA. On May 7, 2014, we made a presentation to the cities regarding our proposal and the meeting went well. The cities said their various commissions will have to approve the project so the exact timing is still unclear. As followup, the cities provided misdemeanor population numbers as this is the population they would like to house under this contract. We revised our transportation plan based on the updated misdemeanor population information we received from the cities and submitted it to the RFP contact person. Representatives from the cities toured Saguaro and Florence on October 29. Both tours went well with the cities thinking that the Saguaro layout best meets their needs. Participants will be talking with their elected officials about how to move the process forward politically. We provided answers to additional questions in December and January and agreed to extend our offer through September 30, 2015.

Submitted Proposals, Final Status Resolved:

Washington Department of Corrections (WDOC): Awarded to GEO on January 13, 2015

WDOC issued an RFP for housing for up to 1,000 male DOC felony offenders and up to 100 female DOC felony offenders on an "as needed" basis. The anticipated contract will be for an initial four-year period, with the possibility of extensions for two additional years at WDOC's sole discretion. The DOC does not guarantee it will use any of the beds. CCA previously had an as-needed contract with WDOC that expired on November 30, 2014. We submitted our proposed on November 3, 2014 and offered beds for male inmates at our Saguaro and Kit Carson facilities. WDOC received responses from three vendors and CCA and GEO were selected as the top scoring finalists from the written evaluation. WDOC toured the proposed facilities in December. On January 13, WDOC notified us that we were not the successful offeror. On January 16, we participated in a debriefing conference with WA in which we learned that GEO's Baldwin facility in Michigan was the selected offer.

Metropolitan Government of Nashville and Davidson County: Awarded to CCA in January 2015

The Metropolitan Government of Nashville and Davidson County issued an RFP to manage the 1,348+inmate medium security correctional facility and jail (Metro Davidson County Detention Facility) for the Davidson County Sheriff's Office. The facility is used to house male and female offenders sentenced to terms of six years or less. However, the facility may also be used to house juveniles, pretrial felons, pretrial and convicted misdemeanants. The contractor is required to maintain ACA and TCI accreditation. This is the rebid of our Metro facility contract. CCA was the only vendor who attended the non-mandatory pre-proposal meeting on September 11. We submitted our proposal online as required prior to the due date. In November, we have responded to two clarification requests. On January 7, 2015, Metro government posted the intent to award to CCA. On January 9, we

participated in a negotiations meeting with Metro and discussed next steps in the contract process. CCA has signed the contract and returned to Metro for final signature and execution.

West Virginia Division of Corrections: Cancelled in January 2015

West Virginia issued an RFP for up to 400 WV male or female inmates in an out of state facility. These inmates have volunteered to be housed in another state. The RFP does not allow comingling of WV inmates with inmates from other jurisdictions in housing, dining hall, recreation, library or work assignments. CCA and CEC attended the mandatory pre-bid meeting and the non-mandatory tour of the WV DOC St Mary's Correctional Center. We submitted our proposal to house the male inmates at Lee Adjustment Center on December 5, 2103. According to the media, CCA was the only bidder. On December 17, WV toured the facility and we made our oral presentation to the state. The tour and presentation went well and received positive feedback. All costs for qualifying proposals were publicly opened on January 6 and made publicly available on WV's procurement website. Previously, when asked about the status of the evaluation, the RFP contact stated that the RFP is still under review at this time. A recent news article reported that this RFP is no longer a priority for the department due to a decrease in inmate population and other potential instate capacity alternatives. In January 2015, we heard that the RFP had been cancelled.

Bureau of Prisons (BOP), CAR 15: Awarded to GEO on December 29, 2014

The BOP issued the CAR 15 RFP (a portion of this RFP is the rebid of our Northeast Ohio population). The BOP has two requirements for the management and operation of a contractor owned/contractor leased, contractor operated correctional facility. Each requirement is to house approximately 1,500 to 2,000 low security, adult male inmates that are primarily criminal aliens ordinarily with 90 months or less remaining to serve on their sentences. An offeror may submit for only one requirement or both requirements. One proposed facility must be located in one of the following states: Ohio, Michigan, Pennsylvania, Delaware, New Jersey or New York. The other proposed facility may be located anywhere in the continental United States. A minimum of 1,500 beds will be awarded within the states listed above. Multiple awards will be possible outside of the Northeast with a minimum of 1,000 beds. There will be no single award greater than 2,000 beds.

The contractor shall be ready to begin accepting inmates and assume full responsibility for the operation, maintenance and security of the institution no later than June 1, 2015, at which time a Notice to Proceed (NTP) is anticipated to be issued and April 1, 2016, at which time a second NTP is anticipated to be issued. The proposed facility shall be an existing facility as defined by the RFP. Offerors are prohibited from housing non-Department of Justice (DOJ) inmates within the same fence perimeter; however, multiple populations at a prison complex with separate fence lines are acceptable. Services received from or provided to the resulting contract shall not be shared with other non-DOJ contractual obligations. The BOP population must remain separate from other populations at all times.

We submitted proposals for our Northeast Ohio, Prairie and Diamondback facilities on August 13, 2013. The BOP's technical panel conducted site visits in fall 2013. The BOP conducted environmental tours of the facilities in summer 2014. In the environmental assessment for Requirement A, NEOCC and Moshannon (GEO) were the only two facility alternatives evaluated and the environmental assessment for Requirement B included our proposed facilities plus GEO's Great Plains facility in Hinton, OK. We responded to five clarification requests. Our NEOCC (Requirements A&B), Prairie 1,740 and Diamondback proposals were in the competitive range. The Prairie 2,000 option was excluded from further consideration and we participated in the pre-award debriefing call with BOP as

allowed by the FAR to discuss. On November 13, BOP issued Amendment 4, which changed the contract term from a four-year base with three two-year options to a five-year base with five one-year options. In response to the BOP's request, we submitted our final proposal revisions on December 5. On December 29, the BOP notified us that they awarded both Requirement A and B to GEO at their Moshannon (A) and Great Plains (B) facilities, respectively. We participated in a debriefing call with the BOP on January 6, 2015.

New Mexico Corrections Department (NMCD): RFP cancelled on December 5, 2014

The NMCD released an RFP for a contractor to provide and operate an 850 bed facility to house maximum, medium and minimum security female inmates, with a mental health care treatment center, long term care and gender responsive programming. Contractor will own and be responsible for all management and operation of the facility on behalf of NMCD. Proposed facility location must be convenient to transportation and medical service locations. Proposed facility must be designed to be gender responsive. This is the rebid of the population we currently house at our New Mexico Women's Correctional Facility plus additional beds for future growth, so we proposed an expansion at our facility to meet the RFP requirements. NMCD is also allowing new construction for proposed facilities. Our current contract expires June 30, 2015, but it can be extended by one additional year by mutual agreement. CCA and GEO attended the mandatory pre-proposal conference. We submitted our proposal by the April 30, 2015 due date. In response to a request from NMCD, we submitted our clarifications/Best and Final Offer (BAFO) response on September 3 and made our presentation to the evaluation committee and other NMCD personnel on September 4. We were told that NMCD would discuss internally and let us know if they have additional questions. On December 5, 2014, we were notified by NMCD that it had cancelled the RFP due to a lack of adequate competition as CCA was the only respondent to the RFP. MNCD also noted that the RFP will be revisited and may be reissued at a later date. As of the writing of this report, we are monitoring for the posting of any new RFP, as we have heard it may be posted in the very near future.

Summary of Contract Renewals and Negotiations

Listed below is a summary of the contract renewals and other significant contract activity that has occurred since November 2014. Further detail regarding these transactions is included in the Federal, State and Local summaries.

We entered into a new contract as a result of a competitive procurement process with the Metropolitan Government of Nashville and Davidson County for the Metropolitan Davidson County Detention Facility. The base term is from February 1, 2015 to January 31, 2020.

Renewals were exercised for the following contracts:

- Immigration and Customs Enforcement for the T. Don Hutto facility (expires January 26, 2020); and
- The Office of Federal Detention Trustee for the Northeast Ohio Correctional Center (expires December 31, 2016, one two-year renewal remaining).

In addition, the term of the contracts with the Colorado Department of Corrections for the Bent County, Crowley County and Kit Carson Correctional Centers was extended an additional year to June 30, 2016.

The following contracts will expire by the end of the second quarter of 2015. If the contracts have renewal options remaining they are noted below. At this time we expect the renewals will be exercised:

- Immigration and Customs Enforcement for the Houston Processing Center (expires March 31, 2015, no renewals)²;
- The Bureau of Prisons for the Eden Detention Center (expires April 30, 2015, one two-year renewal remaining);
- The Oklahoma Department of Corrections for the Cimarron and Davis Correctional Facilities (expire June 30, 2015, four one-year renewals remaining);
- The Georgia Department of Corrections for the Coffee, Wheeler and Jenkins Correctional Facilities (expire June 30, 2015, nineteen one-year renewals remaining for Coffee and Wheeler and twenty one-year renewals remaining for Jenkins);
- The Montana Department of Corrections for the Crossroads Correctional Center (expires June 30, 2015, two two-year renewals remaining);
- The Vermont Department of Corrections for the Lee Adjustment Center and Florence Correctional Center (expires June 30, 2015, no renewals remaining, an RFP is pending);
- The Tennessee Department of Corrections for the Hardeman County Correctional Center (expires June 30, 2015, one two-year renewal remaining);
- The New Mexico Department of Corrections for the New Mexico Women's Correctional Facility (expires June 30, 2015, one one-year renewal remaining);
- The Hawaii Department of Public Safety for the Saguaro Correctional Center (expires June 30, 2015, one one-year renewal remaining);

² ICE has issued an RFI for this contract.

- Bernalillo County for the Torrance County Detention Facility (expires June 30, 2015, no renewals);
- San Diego County for the CAI Oceanview facility (expires June 30, 2015, two one-year renewals remaining); and
- The Bureau of Prisons for the CAI Boston Avenue and Oceanview facilities (expires May 31, 2015, one one-year renewal remaining).

The Public Affairs team continues to focus on effective public, media and partnership relationship strategies and management in support of company goals and initiatives. These efforts, which entail both proactive and reactive strategies, have been carried out in coordination with FSC, facility and outside consultant resources.

HIGHLIGHTS

- Achieved initial success and desired results with the digital ad campaign, reaching our targeted audience while exceeding industry benchmarks
- Coordinated a successful media day/opening event with ICE Public Affairs at the South Texas Family Residential Center
- Supported the effective strategy and participation of CCA at a briefing of the U.S. Commission on Civil Rights that addressed civil rights concerns in immigration detention facilities

REPUTATIONAL MANAGEMENT**Digital Ad Campaign**

As a reminder, Public Affairs and our outsource partner Hillenby successfully launched a digital ad campaign in early November 2014, beginning with targeted advertising in the markets of Nashville, Phoenix and Washington, D.C. This campaign is intended to target key persuadable audiences (influencers) with research based messaging. Initial performance of the ad campaign (first 50 days) has been highly successful:

- The advertising is reaching our audience targets and driving traffic to the website for deeper engagement in an impactful way.
- The unique mix of buying strategies is exceeding industry benchmarks – in some cases significantly.
- We continue to optimize our buying and content to deliver the greatest impact for every dollar spent and support the growth of the company.

Strategic Messaging: Reentry/Rehabilitation

We continue to incorporate this effective messaging in our public statements and other message platforms. Plans are currently underway to develop processes for effectively tracking and reporting CCA's progress towards the companywide stretch goals on reentry. As the company monitors its progress towards the reentry commitments, Public Affairs will continue to pursue opportunities to engage the media and other stakeholders and further enhance CCA's reputational standing and competitive advantage as a premier service provider.

Public Affairs presented on reentry messaging at the quarterly Operations meeting to provide Operations leadership a greater understanding of related strategies and their importance to enhancing the company's reputation. A similar presentation will be delivered at the annual wardens conference in February.

MEDIA RELATIONS

We continue to pursue a two-prong media relations strategy of promotion and response in order to strengthen and defend CCA's strong reputation as the industry leader in partnership corrections. These efforts include: targeted media outreach and relationship building, proactive pitches of CCA's success stories, timely corrections of published misinformation and supporting facility PIOs with crisis media management and communication.

Promote Efforts

During this report period, the promote team continued our efforts to share stories about the positive work being done in our facilities with their local media. Over the past three months, we have secured 10, including placements on the following topics:

- New York Times story on Coffee County Correctional Facility Dog Training program in cooperation with Auburn University

Following is a summary of highlights from promotional efforts during this reporting period:

CCA recruiting efforts

- [Cibola Beacon: College hosts successful career fair](#)

Facility efforts

- [Star Beacon: Prison showing improvement](#)
- Bolivar Bulletin Times: Hardeman County CCA Honors Veterans (print only)
- [Stillwater News Press: Cimarron Correctional Facility inmates receive special meal, visitation on Christmas Day](#)
- Bolivar Bulletin Times: Hardeman County CCA graduates 29 (print only)
- [Bent County Democrat: Employee of the Year](#)
- Bolivar Bulletin Times: 'That's my job' profile of facility K-9 program staff (print only)

Response Efforts

The Public Affairs team responded to numerous media inquiries on a range of issues, incidents and developments for CCA and the industry. Additionally, Public Affairs submitted several letters to the editors or OP/Eds during this reporting period. A summary of key response topics and events for this reporting period includes:

Immigration

News coverage of immigration policies and activities continue to be extremely high in both frequency and intensity. With activation of the South Texas Family Residential Center, coverage of CCA in these stories increased significantly.

ICE's Office of Public Affairs, under direction from DHS and the administration, have chosen to take the lead on media responses. While our ability to respond is limited by this stance, we continue to work closely with ICE/OPA to effect the messaging and, when allowed, to engage the media with our own statements. These efforts have included aggressively seeking and securing corrections to inaccuracies in coverage, along with issuing OP/Eds and letters to editors. One such effort was the

successful placement of an OP/Ed in *The Hill*, signed by Rev. Joseph Shields, Chaplain at Stewart Detention Center. The OP/Ed can be found at <http://thehill.com/blogs/congress-blog/civil-rights/226349-report-of-nightmarish-detention-untrue>

Looking forward, we will continue to work closely with our government partner to ensure CCA's ability to defend its reputation. Public Affairs also intends to conduct messaging research this year on immigration issues, to better inform our messaging and related strategies.

Vermont/Lee Adjustment Center (LAC)

With an active RFP by Vermont for the contract to house their out of state population, we saw heightened efforts by anti-privatization activists to work with media in the state on critical articles and commentaries, which often contained misinformation about LAC (especially regarding access to reentry programming). Public Affairs worked aggressively with editors to secure corrections and assisted LAC's chaplain in successfully publishing an OP/Ed that provided factual information on the wide range of program opportunities offered at the facility. This latter effort demonstrates again our strategic use of both effective messages and messengers. The OP/Ed can be found at: <http://vtdigger.org/2014/12/03/john-brunelle-working-vermont-prisoners-lee-adjustment-center/>

CAR 15/Northeast Ohio

Following the BOP's announcement on CAR 15 awards, Public Affairs responded to numerous media inquiries about CCA's reaction to losing the bid, the potential impact for NEOCC employees when the current contract expires in May, and the company's plans to market the facility to other partners. We also assisted Operations and Partnership Development with talking points as they engaged other internal and external stakeholders on the same issues.

PARTNERSHIP DEVELOPMENT SUPPORT

The Public Affairs team works closely with our government relations team to support partnership development initiatives and activities. This includes developing media/grassroots strategies, talking points and other forms of outreach as needed. Highlights from this reporting period include:

South Texas Family Residential Center

In advance of the planned opening for Phase 1 (temporary housing) at STFRC, Public Affairs worked closely with internal stakeholders and with ICE Public Affairs to coordinate an open house media day at the facility on Dec. 15, which included hosting a tour/speech by U.S. Secretary of DHS Jeh Johnson. ICE's Office of Public Affairs leadership expressed great satisfaction with and gratitude to CCA Public Affairs for our efforts and a successful event.

U.S. Commission on Civil Rights Briefing

CCA's participation in a briefing about civil rights protections for immigrants in detention facilities was requested by USCCR. Public Affairs worked with internal stakeholders to prepare the company's written statement and a presentation for Steve Conry, who participated as a co-panelist at the briefing. We also developed talking points for anticipated Q&A and coordinated prep sessions in advance of the briefing. Mr. Conry did an excellent job of presenting and handling followup Q&A, consistently staying on message. CCA received favorable remarks from the commission's chairperson and members for its agreement to participate (GEO, which initially agreed and then declined to participate,

was strongly criticized by the commission, to include the threat of having them subpoenaed for a followup hearing).

Industry PR Working Group

Continue to meet periodically by conference call with public affairs counterparts at GEO, MTC and CEC to discuss industrywide public affairs challenges, opportunities and strategies.

PIO/FACILITY SUPPORT

Public Affairs continues to serve as the primary supporter and FSC liaison to facility PIOs, providing training, mentorship and written resources to facilitate effective media management at the facility level. These efforts include drafting media statements following incidents, developing local template releases to coincide with national CCA releases and assisting PIOs with local story pitches. Highlights for this reporting period include:

Ongoing Communication and Training

- Conducted group and individual orientation conference calls with new PIOs and backups.
- Engaged PIOs and wardens through conference calls and digital communication on best practices for generating positive facility news stories with local news media.

Additional/Updated Resources

- Supported PIOs during annual facility crisis training drills
- Reviewed, edited and drafted numerous media statements and news releases for facility PIOs.

COMPETITOR SUMMARY

As of January 30, 2015

COMPETITOR: MANAGED VS. CONTROLLED

Cap Q1'15

BEDS

	<u>MANAGED</u>	<u>CONTROLLED</u>	<u>TOTAL</u>	<u>%</u>
CCA	15,436	69,246	84,682	40.8%
GEO	24,062	41,950	66,012	31.8%
MTC	30,658	976	31,634	15.2%
CEC	5,838	0	5,838	2.8%
LCS	2,702	3,760	6,462	3.1%
Lasalle	7,468	1,590	9,058	4.4%
EMERALD	4,258	0	4,258	2.1%
TOTAL	90,422	117,522	207,704	100.0%

¹ Rows do not sum to total because Leo Chesney is included in counts for both CCA and GEO

SHARE BY COMPETITOR - (ROWS)

	<u>MANAGED</u>	<u>CONTROLLED</u>	<u>TOTAL</u>
CCA	18%	82%	100%
GEO	36%	64%	100%
MTC	97%	3%	100%
CEC	100%	0%	100%
LCS	42%	58%	100%
Lasalle	82%	18%	100%
EMERALD	100%	0%	100%

SHARE BY TYPE - (COLUMNS)

	<u>MANAGED</u>	<u>CONTROLLED</u>
CCA	17%	59%
GEO	27%	36%
MTC	34%	1%
CEC	6%	0%
LCS	3%	3%
Lasalle	8%	1%
EMERALD	5%	0%
TOTAL	100%	100%

Includes all Market Beds

COMPETITOR: FACILITY LOCATION SUMMARY

Cap Q1'15

Facility Location		CCA	GEO	CEC	Emerald	LCS	MTC	Lasalle	TOTAL
Alabama	#	0	0	0	0	1	0	0	1
	CAP	0	0	0	0	704	0	0	704
Alaska	#	0	1	0	0	0	0	0	1
	CAP	0	262	0	0	0	0	0	262
Arizona	#	6	3	0	1	0	2	0	12
	CAP	12,180	2,480	0	750	0	4,191	0	19,601
California	#	5	12	0	0	0	2	0	19
	CAP	4,301	5,519	0	0	0	3,280	0	13,100
Colorado	#	4	2	0	0	0	0	0	6
	CAP	5,454	2,782	0	0	0	0	0	8,236
Florida	#	2	6	0	0	0	1	0	9
	CAP	1,653	8,452	0	0	0	1,609	0	11,714
Georgia	#	5	3	0	0	0	0	0	8
	CAP	9,478	5,115	0	0	0	0	0	14,593
Idaho	#	0	0	0	0	0	1	0	1
	CAP	0	0	0	0	0	445	0	445
Indiana	#	1	2	0	0	0	0	0	3
	CAP	1,030	4,160	0	0	0	0	0	5,190
Kansas	#	1	1	0	0	0	0	0	2
	CAP	1,033	150	0	0	0	0	0	1,183
Kentucky	#	3	0	0	0	0	0	0	3
	CAP	2,298	0	0	0	0	0	0	2,298
Louisiana	#	1	2	0	1	4	0	7	8
	CAP	1,538	2,698	0	732	2,702	0	5,525	7,670
Michigan	#	0	1	0	0	0	0	0	1
	CAP	0	1,740	0	0	0	0	0	1,740
Minnesota	#	1	0	0	0	0	0	0	1
	CAP	1,600	0	0	0	0	0	0	1,600
Mississippi	#	2	0	0	0	0	4	0	6
	CAP	4,904	0	0	0	0	4,957	0	9,861
Montana	#	1	0	0	0	0	0	0	1
	CAP	664	0	0	0	0	0	0	664
New Jersey	#	1	0	0	0	0	0	0	1
	CAP	300	0	0	0	0	0	0	300
New Mexico	#	3	3	0	1	0	2	0	9
	CAP	2,635	2,425	0	140	0	2,447	0	7,647
New York	#	0	2	0	0	0	0	0	2
	CAP	0	332	0	0	0	0	0	332
Nevada	#	1	1	0	0	0	0	0	2
	CAP	1,072	124	0	0	0	0	0	1,196
North Carolina	#	0	1	0	0	0	0	0	1
	CAP	0	1,450	0	0	0	0	0	1,450
Ohio	#	3	0	1	0	0	1	0	5
	CAP	4,664	0	192	0	0	2,706	0	7,562
Oklahoma	#	4	2	0	0	0	0	0	6
	CAP	7,922	4,574	0	0	0	0	0	12,496
Pennsylvania	#	0	1	1	0	0	0	0	2
	CAP	0	1,820	1,883	0	0	0	0	3,703
Tennessee	#	7	0	0	0	0	0	0	7
	CAP	8,422	0	0	0	0	0	0	8,422
Texas	#	13	16	9	4	3	13	7	58
	CAP	12,034	18,303	3,763	2,636	3,056	11,999	3,533	51,791
Utah	#	0	1	0	0	0	0	0	1
	CAP	0	115	0	0	0	0	0	115
Virginia	#	0	1	0	0	0	0	0	1
	CAP	0	1,536	0	0	0	0	0	1,536
Washington	#	0	1	0	0	0	0	0	1
	CAP	0	1,575	0	0	0	0	0	1,575
Washington DC	#	1	0	0	0	0	0	0	1
	CAP	1,500	0	0	0	0	0	0	1,500
FACILITY COUNT		64	61	11	7	8	26	14	191
BEDS COUNT		84,682	65,612	5,838	4,258	6,462	31,634	9,058	207,304

COMPETITOR: VACANT MARKETABLE BEDS

	Facility Location	Facility	Number of Vacant Beds
			19,784
CCA	Colorado	Huerfano County Correctional Center	752
		Kit Carson Correctional Center	700
	Kentucky	Lee Adjustment Center	300
		Marion Adjustment Center	826
		Otter Creek Correctional Center	656
	Minnesota	Prairie Correctional Facility	1,600
	Ohio	Queensgate	850
	Oklahoma	Diamondback Correctional Facility	2,160
	Tennessee	Shelby Training Center	200
	Texas	Mineral Wells Pre-Parole Transfer Facility	2,103
	Washington DC	D.C. Correctional Treatment Facility	700
CCA Total			10,847
GEO	California	Leo Chesney Correctional Facility	240
		Mesa Verde Community Correctional Center	400
	Colorado	Aurora ICE Processing Center	700
		Hudson	1,250
	Michigan	North Lake Correctional Facility	1,740
GEO Total			4,330
OTHER	Mississippi	Delta Correctional Facility	1,172
	Texas	Bill Clayton Detention Center	370
		Limestone County Detention Center	1,014
		Newton County Correctional Center	924
		Jones County	1,127
OTHER Total			4,607
Grand Total			19,784